

**Reduction of pendency of litigations**

**747. SHRI C. RAMACHANDRAIAH:** Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) whether Government have constituted an expert group to evolve a mechanism to reduce the pendency of litigations;

(b) if so, whether panel has given a time-frame for submitting its recommendations to Government;

(c) whether serious concern has been made on the increasing number of cases relating to the Ministry in different courts;

(d) if so, whether this expert group has a nominee of the Minister as well as representatives from the Institute of Chartered Accountants and the Institute of Company Secretaries of India; and

(e) if so, the details thereof?

**THE MINISTER OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA):** (a) to (c) Yes, Sir. The Government had constituted an Expert Group headed by Shri O.P. Vaish, Senior Advocate on Streamlining Prosecution Mechanism under the Companies Act, 1956 on May 5, 2005. The Expert Group submitted its report on October 19, 2005. The recommendations of the Expert Group have since been examined and appropriate instructions issued for follow up of cases filed in relevant courts.

(d) and (e) The Expert Group, comprising professional experts and officials of the Ministry of Company Affairs, was set up in pursuance of the Ministry of Company Affairs orders no. 3/39/2005-CL. II dated 12th May, 2005. A copy of orders, including the composition of the Expert Group is at Statement.

[6 March, 2007]

RAJYA SABHA

**Statement**

*Copy of the order regarding constitution of an Expert Group on  
streamlining prosecution mechanism*

**MOST IMMEDIATE/BY FAX**

**No. 3/39/2005-CL. II**

**Government of India**

**Ministry of Company Affairs**

**5th Floor, 'A' Wing, Shastri Bhawan**

**Dr. R.P. Road, New Delhi-110001**

**Dated 12th May, 2005**

To,

By name

All Registrars of Companies

Sir,

The Ministry of Company affairs has constituted an Expert Group to examine issues relating to streamlining the prosecution mechanism under the Companies Act, 1956 to make it more effective and to advise on the following:

- (i) Identification of broad categories of offences for which cases filed for violations of Companies Act, 1956, are pending and the period thereof;
- (ii) The reasons for excessive pendency where relevant;
- (iii) Review of the steps taken in the past to expedite disposal of these cases, their outcome and the constraints;
- (iv) Identifying ways and means through which disposal of these cases could be expedited;
- (v) Ways and means for expeditious disposal of cases of purely technical nature and workable mechanism to enable this in a definite timeframe.

2. The Expert Group consists of the follows:

- |   |   |          |
|---|---|----------|
| (i) Shri O.P. Vaish, Sr. Advocate                                 | — | Chairman |
| (ii) Shri Bhagwant Swaroop, Member,<br>Settlement Commission (IT) | — | Member   |
| (iii) Shri U.C. Nahata, Regional Director                         | — | Member   |

(iv) Representatives from ICAI	—	Member
(v) Representative from ICSI	—	Member
(vi) Shri S.S. Luthra, Jt. Director (Tech)	—	Member-Secretary

3. The Expert Group is expected to submit its report within two months. For purposes of facilitating deliberations of Export Group, you are requested to furnish the following information by 20th May 2005:

- (i) Break-up of prosecutions pending as on 31.3.2005 showing separately compoundable and non-compoundable prosecutions (where punishment prescribed is imprisonment with/without fine) with relevant sections of the Act indicating age-wise pendencies—below 1 year, upto 1-2 years, 2—5 years, 5—10 years and above 10 years.
- (ii) Break-up of compoundable and non-compoundable prosecutions as on 31.3.2005 yet to be filed by you.
- (iii) Detail of cases where the summons have not been served to the accused and where the accused are not traceable.

4. The Expert Group will also like to communicate with some of the Registrar of Companies and Regional Directors. The schedule of the meetings with the Expert Group is being worked out and would be informed later. In the meantime, the relevant statistical records along with your suggestions/views in the matter on the issues mentioned in para (1) above may kindly be communicated.

5. Since, the matter is urgent, the information may be sent by fax to the undersigned:

Name	—	<b>Shri S.S. Luthra, Joint Director (Tech.)</b>
Telefax No.	—	23383180

Yours faithfully,  
Sd/-  
(S.S. Luthra)  
Joint Director (Tech.)

Copy to Regional Directors with a request to ensure that necessary information is supplied by RoCs under your jurisdiction.

(S.S. Luthra)  
Joint Director (Tech.)